Irregularities in Banks

335. SHRI R. MARGABANDU: Will the Minister of FINANCE be pleased to state:

(a) the number of banks in India in which irregularities have been found;

(b) whether any action is contemplated against those who are responsible for these irregularities; and

(c) what action has been initiated against Indian Bank official responsible for the scam?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) The information readily available relating to total number of frauds detected in all the 27 public sector banks, amount involved and action taken against the delinquent employees for frauds during 1994, 1995 & 1996 (upto March) is given below:

	1994	1995	1996 (upto March
1. No. of frauds	2266	1890	454
2. Amount involved (Rs. in crores)	200.08 +Uganda Sh. 9844000	115.51	23.73
3. No. of employees convicted	50	33	05
4. No. of employees awarded major/minor penalties	1248	1160	307
5. No. of employees dismissed/ discharged/ removed	360	301	78

(c) With reference to the losses reported by Indian Bank as on 31.3.1996, the Reserve Bank of India (RBI) has commissioned the inspection of the financial position and other matters relating to Indian Bank. Apart from the inspection of the financial soundness of the bank and related aspects, the inspection team has been asked to undertake critical examination of the top problem exposures in order to determine clearly any administrative lapses of the various executives and other functionaries of the bank. The RBI has been informed by the bank that it has referred 12 cases to the CBI for investigation.

Dissent by Commission Member to recommendation of the Commission

336. SHRI AKHILESH DAS: Will the Minister of FINANCE be pleased to state:

(a) whether the Fifth Central Pay Commission Report has been submitted to the Government;

(b) whether it is a fact that some members of the Commission have dissented to some of the suggestions made by the Pay Commission; and

(c) if so, the details in this regard?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) (a) to (c) The Pay Commission has submitted its Report on 30th January, 1997. A member of the Commission has not supported some of the recommendations relating to age of retirement, revised DA formula, allowances & pension net of taxes, etc. Details are available in Volume III of the Pay Commission's Report, copies of which are available in the Parliament Houses Library.

Fifth Pay Commission report

337. SMT. VEENA VERMA:
SHRI ANANTRAY DEVSHANKER DAVE:
SHRI SUSHILKUMAR SAMBHAJIRAO SHINDE:
SHRI RAJUBHAI A. PARMAR:

Will the Minister of FINANCE be pleased to state:

(a) whether the Fifth Pay Commission has submitted its report to Government;

(b) if so, what are the main features of the report in the area of pay scales, DA and other perks for all classes of Government employees;

(c) whether the Pay Commission has recommended the retirement age upto 60 years;

(d) whether such recommendation of the age will be applicable to all employees of Government;

(e) if so, the reaction of Government thereto; and

(f) whether Government have taken note that the recommendation of the retiring age would block the future prospect of the serving employees and would tend to diminish the young profile of Government employees?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) (a) to (f) The Fifth Pay Commission has submitted its Report on 30th January, 1997 to the Government. It has made wide ranging recommendations covering all service conditions of the Central Government employees, including the Armed Forces personnel. The Commission bas, inter alia, recommended an increase in the age of retirement from 58 years to 60 years, except in respect of those employees who are on extension and the personnel of the Central Police Organisations and the Armed Forces. The Government have set up an Empowered Committee to process the recommendations of the Commission. The views of the Staff Side in the National Council (JCM) will also be ascertained before decisions are taken by the Government.

Fluctuation in Stock Market

338. DR. MANMOHAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the sharp fluctuations in the country's stock markets during the month of January, 1997; and

(b) if so, what are the reasons for these fluctuations?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Government and the Securities and Exchange Board of India (SEBI) are aware of the fluctuations in the Indices of the prices of shares in Stock Exchanges during the month of January, 1997.

(b) There are various factors which effect the movement of prices of shares. Some of these factors relate to the expectations of investors regarding the performance of the corporate sector and the economy in general, perceptions of the investors about economic policies of the Government, developments in international capital markets and speculative activity. The fluctuations in the prices of shares witnessed during January, 1997 can also be attributed to the expectations in the market of the announcement of certain measures for the further development of the capital market and reintroduction of the old form of trading in specified shares with carry forward facility.

Fiscal incentives for Cellular and Basic Telecom Service Operations

339. SHRI JAYANT KUMAR MALHOUTRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have announced new fiscal incentives for cellular and baisc telecom service operation, including treating of the telecom sector as infrastructure;

(b) if so, the details thereof;

(c) whether it is also a fact that guidelines for External Commercial Borrowing limits for telecom projects have been amended;

(d) if so, whether telecom companies would get the same debt-equity ratio as is allowed in the power sector; and

(e) if not, the reasons thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Yes Sir.

(b) to (e) In keeping with overall Government policy to treat telecom as a priority sector and having regard to the capital-intensity of telecom projects and the nature of cash flows in such projects, the Government has announced the following incentives to cellular and basic telecom service operator:—

— Telecom will be treated as infrasturcture and all fiscal benefits like tax holiday, concessional project import duty, etc., now being made available to the power will be extended to the telecom sector also.

— ECB limits for telecom projects will be made flexible and an increase from the present 35% to 50% of project cost will be allowed as a matter of course.

— The license fee being paid by the two public sector telecom companies viz. MTNL and VSNL has been treated as revenue expenditure in the past. The OBDT is engaged in a comprehensive analysis of whether license fees should be treated as revenue expenditure or as capital expenditure with a provision for amortisation over the period of the license agreement.